

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Associated Banc-Corp

Point of Contact:	Joseph Selner	RSSD: (For Bank Holding Companies)	1199563
UST Sequence Number:	76	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	525,000,000	FDIC Certificate Number: (For Depository Institutions)	5296
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	November 21, 2008	City:	Green Bay
Date Repaid ¹ :	N/A	State:	Wisconsin

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

In 2010, the Bank originated gross loans of \$8.0 billion, including over \$4 billion in commercial loans and over \$3 billion in mortgage loans. This continued support for our customers would have been considerably less without the benefit of CPP capital.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

The Bank originated more than \$3 bil mortgage loans in 2010 and sold \$2.3 bill in the secondary market. Mortgage production primarily in WI, IL, and MN. The Bank made 333 SBA loans during SBA's fiscal 2010, totalling approx \$36 mil and maintained standing of one of the leading SBA lenders.

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☒ **Increase securities purchased (ABS, MBS, etc.).**

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☒ **Make other investments.**

In 2010, the Bank invested approximately \$16 million into low income housing investments.

☐ **Increase reserves for non-performing assets.**

☐ **Reduce borrowings.**

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Banks like Associated are required to have significant capital and reserves. This is a bank's first line of defense to cover any losses. Our participation in the CPP further strengthened the Bank's balance sheet by increasing capital levels that already met the government's definition of well capitalized. The additional capital provided the Bank's customers with added confidence in the financial strength of the Bank during very volatile and uncertain times in the U.S. economy. In 2010, \$200 million of CPP capital was injected into the Bank, to further strengthen the Bank's balance sheet by increasing capital levels that already met the government's definition of well capitalized. During 2010, the Bank took action to significantly improve its credit metrics and address the challenges experienced during 2009. Through a combination of loan sales and discounted payoffs (resolutions), the Bank reduced nonaccrual loans with a net book value of approximately \$600 million during 2010. The additional CPP capital avoided exposing the Bank to risk of further ratings downgrades and helped the bank avoid higher borrowing and funding costs.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Without CPP funding, the Bank would not have purchased mortgage-related securities during calendar year 2010 of approximately \$3.1 billion. The Bank believes that these purchases assist in the recovery and stabilization of the mortgage-backed securities market, which in turn facilitates home ownership by increasing market origination capacity and improving pricing. CPP capital funding facilitated a \$300 million capital injection into the Bank in 2009 and another \$200 million capital injection into the Bank in 2010. The additional capital provided the Bank with added confidence to continue lending. During 2009, we infused CPP capital into the Bank that allowed for continued lending activity, despite a challenging economy. During 2010, we reported over \$9 billion of gross lending activity, partially supported by our CPP funds. Associated was able to maintain its presence as the leading mortgage lender in the State of Wisconsin and as a leading Small Business Lender in our markets. The infusion of CPP capital allowed Associated to continue to focus on its business goals and objectives, including meeting the financial needs of consumers and businesses in the communities the company serves.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

On April 6th, 2011, Associated Banc-Corp repaid one-half of the CPP capital (262.5 million). Late in 2011, Associated Banc-Corp plans on repaying the remaining CPP Capital (262.5 million).